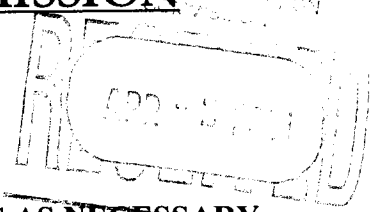


4-3-01
cm

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

WS-01025A SEWER
AJO IMPROVEMENT COMPANY
PO DRAWER 9
AJO AZ 85321-0000

ANNUAL REPORT

FOR YEAR ENDING

12	31	2000
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FOR COMMISSION USE

ANNOS	01
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COMPANY INFORMATION

Company Name (Business Name) Ajo Improvement Company

Mailing Address Post Office Drawer 9

(Street)

Ajo

Arizona

85321

(City)

(State)

(Zip)

(520) 387-7151

(520) 387-7454

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rmsmith@phelpsdodge.com

Local Office Mailing Address same as above

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Dawn G. Meidinger President

2600 North Central Avenue

(Name)

Phoenix

Arizona

(Title)

85004

(Street)

(City)

(State)

(Zip)

(602) 234-8100

(602) 234-8067

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address dmeidinger@phelpsdodge.com

On Site Manager: same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Statutory Agent: CT Corporation

(Name)

3225 North Central Avenue

Phoenix

Arizona

85004

(Street)

(City)

(State)

(Zip)

(602) 277-4792

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: S. David Colton

(Name)

2600 North Central Avenue

Phoenix

Arizona

85004

(Street)

(City)

(State)

(Zip)

(602) 234-8100

sdcolton@phelpsdodge.com

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

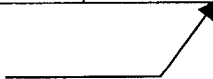
☐ STATEWIDE

COMPANY NAME

Ajo Improvement Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force	150,376	150,376	-0-
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers	65,920	65,920	-0-
364	Flow Measuring Devices			
365	Flow Measuring Installations	23,774	23,774	-0-
370	Receiving Wells	31,085	31,085	-0-
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389 *	Other Plant and Misc. Equipment	19,444	19,444	-0-
390	Office Furniture and Equipment			
391	Transportation Equipment	11,252	11,252	-0-
393	Tools, Shop and Garage Equip.	11,725	11,725	-0-
394	Laboratory Equipment			
395	Power Operated Equipment	22,531	22,531	-0-
398	Other Tangible Plant			
	TOTALS	336,107	336,107	-0-

This amount goes on the Balance Sheet Acct. No. 108 

*This is a lift station pump which was account no. 371 in prior years.

CALCULATION OF DEPRECIATION EXPENSE

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force	150,376	-0-	-0-
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers	65,920	-0-	-0-
364	Flow Measuring Devices			
365	Flow Measuring Installations	23,774	-0-	-0-
370	Receiving Wells	31,085	-0-	-0-
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389*	Other Plant and Misc. Equipment	19,444	-0-	-0-
390	Office Furniture and Equipment			
391	Transportation Equipment	11,252	-0-	-0-
393	Tools, Shop and Garage Equip.	11,725	-0-	-0-
394	Laboratory Equipment			
395	Power Operated Equipment	22,531	-0-	-0-
398	Other Tangible Plant			
	TOTALS	336,107	-0-	-0-

This amount goes on Comparative Statement of Income and Expense Acct. 403

*This is a lift station pump which was account 371 in prior years.

COMPANY NAME

Ajo Improvement Company

BALANCE SHEET **

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 2,335,020	\$ 208,230
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	169,823	788,248
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	2,931	2,931
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	14,831	15,413
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 2,522,605	\$ 1,014,822
	FIXED ASSETS		
101	Utility Plant in Service	\$ 2,989,821	\$ 3,233,231
103	Property Held for Future Use		
105	Construction Work in Progress	255,253	1,440,756
108	Accumulated Depreciation – Utility Plant	2,177,344	2,256,867
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 1,067,730	\$ 2,417,120
	TOTAL ASSETS	\$ 3,590,335	\$ 3,431,942

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

**Represents electric, water and sewer departments

COMPANY NAME

Ajo Improvement Company

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 684,409	\$ 658,393
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	12,876	14,875
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 697,285	\$ 673,268
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 421,884	\$ 402,249
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$	\$
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ -0-	\$ -0-
	TOTAL LIABILITIES	\$ 1,119,169	\$ 1,075,517
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 392,000	\$ 392,000
211	Other Paid in Capital	3,144,546	3,144,546
215	Retained Earnings	(1,065,380)	(1,180,121)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 2,471,166	\$ 2,356,425
	TOTAL LIABILITIES AND CAPITAL	\$ 3,590,335	\$ 3,431,942

COMPANY NAME

Ajo Improvement Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
521	Flat Rate Revenues	\$ 94,654	\$ 94,111
522	Measured Revenues		
536	Other Wastewater Revenues		
	TOTAL REVENUES	\$ 94,654	\$ 94,111
	OPERATING EXPENSES		
701	Salaries and Wages	\$ 30,032	\$ 21,495
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power	901	847
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies		
731	Contractual Services -- Professional		
735	Contractual Services -- Testing		
736	Contractual Services -- Other		
740	Rents	15,700	15,600
750	Transportation Expense		
755	Insurance Expense		
765	Regulatory Commission Expense		
775 *	Miscellaneous Expense	43,370	52,490
403	Depreciation Expense	1,992	(114)
408	Taxes Other Than Income	5,152	5,289
408.11	Property Taxes	4,497	6,536
409	Income Taxes		
	TOTAL OPERATING EXPENSES	\$ 101,644	\$ 102,143
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -0-	\$ (49,469)
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	10,392	10,404
	TOTAL OTHER INCOME/EXP	\$ 10,392	\$ (39,065)
	NET INCOME/(LOSS)	\$ (17,382)	\$ 31,033

*Includes Acct. #721 Office Supplies & Expenses
730 Outside Services
758 Health & Life Insurance
775 Miscellaneous Expense

5,304	3,499
31,943	34,802
3,332	12,234
2,791	1,955
\$ 43,370	\$ 52,490

COMPANY NAME

Ajo Improvement Company

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	10-10-85			
Source of Loan	Promissory Note			
ACC Decision No.	54709			
Reason for Loan	To fund facilities acquired or to be acquired from P.D.			
Dollar Amount Issued	\$ 311,963	\$	\$	\$
Amount Outstanding	\$ 311,963	\$	\$	\$
Date of Maturity	12-31-08			
Interest Rate	10 %	%	%	%
Current Year Interest	\$ 31,200	\$	\$	\$
Current Year Principle	\$ -0-	\$	\$	\$

COMPANY NAME

Ajo Improvement Company

WASTEWATER COMPANY PLANT DESCRIPTION**TREATMENT FACILITY**

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	Aerobic Lagoon
DESIGN CAPACITY OF PLANT (Gallons Per Day)	Approximately 600,000

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
11st Street	2	7.5	125	47,000

FORCE MAINS

Size	Material	Length (Feet)
4-inch	Steel	2000
6-inch	N/A	

MANHOLES

Type	Quantity
Standard	232
Drop	N/A

CLEANOUTS

Quantity
None

COMPANY NAME

Ajo Improvement Company

WASTEWATER COMPANY PLANT DESCRIPTION CONTINUED**COLLECTION MAINS**

Size (in inches)	Material	Length (in feet)
4	Clay Tile	3,200
	Cement Asbes	2,100
6	Clay Tile	25,200
	Cement Asbes	36,900
8	Clay Tile	4,000
	Cement Asbes	9,300
10	Clay Tile	1,000
12	Clay Tile	2,800
15	Cement Asbes	800
18		
21		
24		
30		

SERVICES

Size (in inches)	Material	Quantity
4	Red Clay & Transit	1,200
6		
8		
12		
15		

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	Waste Water Treatment Plant
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	N/A
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
STRUCTURES (Buildings, Fences, Etc.)	6' Chain Link Enclosure
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	One 3 Phase 240-V-480-V Portable Unit

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
Jan	1093	Unknown	313.512
Feb	1095	Unknown	273.942
March	1099	Unknown	332.647
April	1090	949,254.5	232.445
May	1095	776,571.8	272.704
June	1085	877,963.8	317.120
July	1080	2,291,825.5	365.775
August	1083	4,634,962.6	540.929
Sept	1076	1,130,601.3	450.273
Oct	1081	494,903.3	432.912
Nov	1085	734,209.3	345.340
Dec	1092	483,859.1	238.025 gpm

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

Method Of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	evaporation pond and land irrigation
Wastewater Inventory Number (all wastewater systems are assigned an inventory number)	101,678
Groundwater Permit Number	N/A
ADEQ Aquifer Protection Permit Number	101,678
ADEQ Reuse Permit Number	N/A
EPA NPDES Permit Number	40-100

STATISTICAL INFORMATION

Total number of customers 1,092

Total number of gallons treated ? gallons

COMPANY NAME Ajo Improvement Company YEAR ENDING 12/31/2000

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>Ajo Improvement Company consolidates with</u>
Estimated or Actual Federal Tax Liability	<u>parent company Phelps Dodge Corporation</u>
State Taxable Income Reported	<u>same as above</u>
Estimated or Actual State Tax Liability	<u></u>


Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>N/A</u>
Amount of Gross-Up Tax Collected	<u>N/A</u>
Total Grossed-Up Contributions/Advances	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

	<u>3/27/01</u>
SIGNATURE	DATE

<u>Dawn G. Meidinger</u>	<u>President</u>
PRINTED NAME	TITLE

COMPANY NAME Ajo Improvement Company **YEAR ENDING 12/31/2000**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2000 was: \$ 5,961.24

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Maricopa

NAME (OWNER OR OFFICIAL) TITLE

Dawn G. Meidinger, President

COMPANY NAME

Ajo Improvement Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2000 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 94,111

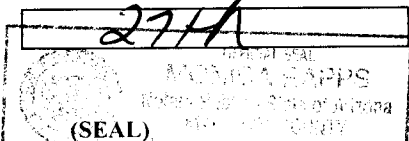
(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 4,459.45
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME Maricopa

MONTH March

2001

SIGNATURE OF OWNER OR OFFICIAL

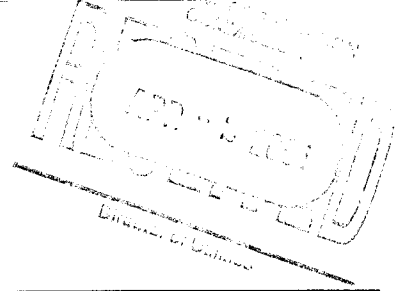
(602) 234-8241

TELEPHONE NUMBER

Monica Kapps
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES June 1, 2001

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Maricopa	
NAME (OWNER OR OFFICIAL) Dawn G. Meidinger	TITLE President
COMPANY NAME Ajo Improvement Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2000 WAS:

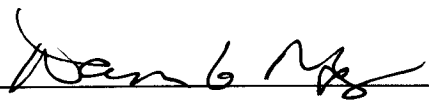
ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 76,671

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 3,647
IN SALES TAXES BILLED, OR COLLECTED

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

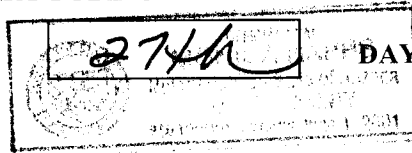
X


SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

(SEAL)

MY COMMISSION EXPIRES

June 1, 2001

NOTARY PUBLIC NAME MONICA RAPPES	
COUNTY NAME Maricopa	
MONTH March	20 01

X 
SIGNATURE OF NOTARY PUBLIC

11109

AJO IMPROVEMENT COMPANY

AJO, AZ 85321

Community First
National Bank
101 La Mina Avenue
Ajo, AZ 85321-7723

81-554/1221

DATE April 27, 2000

PAY

99999.99

DOLLARS \$ 29,602.56

TO
THE
ORDER
OF

James Lee Kirk, Pima County Treasurer
113 N. Church Avenue
Tucson, AZ 85701-1199

AJO IMPROVEMENT COMPANY
AUTHORIZED SIGNATURE

PAID UNDER PROTEST

~~NOT NEGOTIABLE~~

⑈011109⑈ ⑆122105647⑆ ⑈8220782134⑈

AJO IMPROVEMENT COMPANY

DELUXE FORM WVC-2 V-2

DATE	DESCRIPTION	AMOUNT
Apr 27, 2000	Payment of Personal Property Taxes for the 2nd Half of 1999	29,602.56

11227

AJO IMPROVEMENT COMPANY

AJO, AZ 85321



Community First

National Bank

101 La Mina Avenue
Ajo, AZ 85321-2723

91-584/1221

DATE October 30, 2000

PAY

DOLLARS \$ 30,044.98TO
THE
ORDER
OFJames Lee Kirk, Pima County Treasurer
113 N Church Avenue
Tucson, Arizona 85701AJO IMPROVEMENT COMPANY
AUTHORIZED SIGNATUREPAID UNDER PROTEST~~NOT~~ NEGOTIABLE

⑈011227⑈ ⑆122105647⑆ ⑈8220782134⑈

AJO IMPROVEMENT COMPANY

DELUXE FORM WVC-2 V-2

DATE	DESCRIPTION	AMOUNT
Oct. 30, 2000	Payment of Personal Property Taxes for the 1st half of 2000	30,044.98

V-2